

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

Bulletin 89- 10
Issued this 18th day of
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NOTICE TO ALL INSURERS LICENSED TO WRITE
LIFE AND HEALTH LINES IN MINNESOTA


MEDICARE SUPPLEMENT - LONG TERM CARE INSURANCE
COMMISSIONS

You have previously been advised by Bulletin 89-6 that Chapter 258 of the 1988 Session Laws made certain changes in regard to commissions for both Medicare Supplement Policies and Long Term Care Policies. One of those changes was that commissions for the sale of the products must be the same for each of the first four years of the policy. Another was that the rate of commission for the different types of policies must be the same.

There have been some questions as to whether non-monetary compensation or any other kind of inducement is to be considered in determining whether or not there is compliance as to commission structures. The law is quite explicit that all types of compensation are to be considered when determining if level commissions exist or not. This means sales awards, TVs, stereos, trips and anything else that can be determined to be of value that is offered as an inducement for the sale of the products or which compensates the agent in any way for the sale of the products is to be considered a commission.

Further, advance payment of the commissions, draws against future commissions, or similar methods of early payment also violate the prohibitions under this chapter.

IMPORTANT: DO NOT CONSTRUE THIS BULLETIN AS A COMPLETE EXPLANATION OF ALL 1989 LEGISLATIVE CHANGES. YOU ARE RESPONSIBLE FOR REVIEWING THE STATUTES IN THEIR ENTIRETY AND ENSURING THAT YOU ACHIEVE AND MAINTAIN FULL COMPLIANCE.


MICHAEL A. HATCH
Commissioner of Commerce